



October 15, 2008

Mr. Larry J. Prather  
Assistant Director of Civil Works  
HQUSACE  
441 G Street, NW  
CECW-ZA  
Washington, DC 20314-1000

**RE: ECONOMIC AND ENVIRONMENTAL PRINCIPLES AND GUIDELINES FOR  
WATER AND RELATED LAND RESOURCES IMPLEMENTATION STUDIES;  
AVAILABILITY OF PROPOSED PRINCIPLES AND REQUEST FOR COMMENTS**

Dear Mr. Prather:

The Water Resources Coalition (WRC) is pleased to offer the following comments for the revision of the Economic and Environmental Principles and Guidelines for Water and Related Land Resources Implementation Studies, dated March 10, 1983. The WRC works to ensure that a comprehensive, national water resources policy is developed, implemented and funded to provide a sustainable, productive economy; a healthy aquatic ecology; and public health and safety. WRC Members include organizations representing state and local government, engineering and construction, ports, waterways, transportation services and conservation organizations that have an interest in a comprehensive national water resources policy.

**Principles and Guidelines**

The 1983 Principles and Guidelines directed the U.S. Army Corps of Engineers (USACE) to formulate and recommend water resources plans in response to a single "Federal" objective: maximizing net national economic development benefits. With a few rare exceptions, this approach has proved to hamstring efforts to encourage water resources planning to meet its

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[www.waterresourcescoalition.org](http://www.waterresourcescoalition.org)

ASCE  
101 Constitution Ave., NW  
Ste. 375 East  
Washington, DC 20001  
202-789-7850 (ASCE)

AGC  
2300 Wilson Boulevard  
Suite 400  
Arlington, VA 22201  
703-837-5325 (AGC)

maximum potential. Specifying a “Federal,” not “National” objective suggests that the Federal government is pursuing its own well-being rather than the welfare of the “nation.” The annual Federal budget process confirms time and time again that the interest of the Federal government is driven by how much it can save in spending versus what it invests in the development of our nation’s water resources infrastructure. This short-sighted view of the past must recognize the true long-term economic benefits of this program and simultaneously give way to a more comprehensive, “national” framework.

### **Assessment of the Proposal**

WRC is greatly concerned that the proposed Principles reject the comprehensive watershed planning approach advocated by the vast majority of the speakers during the June 5 hearing. The newly proposed Principles have taken what was a consistent and transparent process for planning for water resources projects and created a mechanism that is ambiguous and unnecessarily complex. It appears that the proposed Principles not only failed to consider the majority of public input, but also ignored important goals and objectives.

### **A New Strategy**

A new strategy and approach for water resources planning and development is imperative. Water resources planning must support sustainable development and recognize the multiple objectives of public safety, environmental quality, economic development, and social well-being. We can no longer afford to focus on the narrow objective of National Economic Development.

In order to reflect the intent of the Water Resources Development Act of 2007 and recent USACE practice aimed at sustainable development, the revised Principles should return to the emphasis of multiple national objectives that include public safety, economic development, environmental quality, and other social effects.

- **Public Safety.** Above all other considerations, the revision of the Principles should include a national public safety standard. The proposed Principles do not meet the acceptable threshold for a national public safety standard and must be reconsidered. The devastation caused by Hurricanes Katrina, Rita, and Ike underscores the need for water resources planning to have a primary national objective to protect human life. The proposed Principles do not meet our nation’s critical need for a national public safety standard for flood risk management. The inclusion of additional considerations such as “alternative plans” and the changes to the benefit-to-cost ratios demonstrates that public safety is not truly integrated, but merely a consideration. Public safety should not be incidental to protecting property and subject to inequities of place-based economic analysis. A national public safety standard could and should be equitably applied and achieved by cost-effective integration of structural and non-structural means.
- **Economic Development.** The development of our nation’s water resources fosters economic development, facilitates trade and commerce, aids international competitiveness, stimulates employment, provides water recreation opportunities, enhances agricultural and industrial productivity, restores the environment, and augments our national defense. Historically, such

programs have had numerous economic benefits. Flood damage reduction projects alone have prevented an estimated \$706 billion in damages—an eight-to-one return on the Federal government's investment; and Operations and Maintenance work provides an average of \$14.10 return for every dollar invested. In the Mississippi Valley and Tributary System, more than \$24 in damages is saved for each dollar spent. Key decision makers must consider the positive contributions water resources development contribute within the context of a National Economic Development objective.

- **Environmental Quality.** Our nation's quality of life is highly dependent on a thriving environment. Consideration of environmental quality provides the basis for balancing both economic and ecological values in seeking to minimize and avoid impacts to the environment in formulating solutions to water resources challenges. Moreover, USACE's own Environmental Operating Principles reflect this very principle: Recognizing the interdependence of life and the physical environment; seeking balance and synergy among human development activities; and, assessing and mitigating cumulative impacts to the environment are all principles that should be adhered to and embraced.
- **Other Social Effects.** Our nation has proved time and again that we are stronger in times of tragedy. We pull together to provide assistance to those less fortunate than ourselves. The tragedy of Hurricanes Katrina and Rita exposed both a social and economic divide and demonstrated the effects of such devastation on the less fortunate. The experience of the Gulf Coast highlights that the national economic development objective is a model that does not take into serious consideration the protection of low- income households. It is imperative that the planning process adjust this model and include social effects as a major consideration.

### **Additional Issues**

WRC also has comments on some specific issues that the proposal raises. If given additional time, WRC will continue to solicit additional information and insights from its members and will be pleased to share the results with USACE. If not, WRC hopes that USACE at least take the time to explore these issues on their own.

### **Collaborative Planning and Implementation**

One objective that should receive equal consideration as a national objective, in addition to the aforementioned national objectives, is collaborative planning and implementation. The revised Principles must emphasize that there must be a stronger role for non-Federal partners in planning and decision-making. Water resources planning must fashion optimal watershed solutions that select elements from a full range of best management practices including those of other Federal agencies, non-Federal governments, and non-governmental organizations. Different perspectives and a more comprehensive discussion and evaluation of complex problems, interrelated concerns, and potential projects are more likely to occur with a collaborative approach.

### **Alternative Plans**

An inordinate amount of emphasis is placed on “alternative planning” and “required alternatives” in the draft principles. Given the numerous bureaucratic hurdles water resources projects must endure,

including the normal regulatory and Congressional appropriations processes, overreliance on such “plans” could become the norm. Projects should be completed based on needs; alternatives may serve as a back door mechanism for reducing the scope of projects.

#### Benefit-to-Cost Ratio

The proposed Principles call for a significant change in the benefit-to-cost ratio for most projects. Realistically, the Office of Management and Budget has not supported projects in the President’s budget that offered less than a 3:1 ratio for the past several years. The benefit-to-cost analysis is neither a fully comprehensive nor an exact method for evaluating the many trade-offs a project could generate, particularly in areas of public safety, environmental and social trade-offs, as previously demonstrated. Accordingly, project assessments are often based on a limited set of factors that are clearly measurable in dollar terms while ignoring factors that cannot be readily quantified. That said, benefit-to-cost analysis is a necessary tool that must be utilized. Judging the positive and negative effects of water resources projects is not a straightforward task. It is critical that these projects are given the full consideration of national objectives that include public safety, economic development, environmental quality, and other social effects, not relying solely on cost.

#### Science-Based Analysis

The draft Principles state that internal peer review will be the norm, with outside experts to be brought into the process “to confirm the agency’s analytical methods and analysis” as well as its conclusions and its conduct of the planning process. Peer review should not be used to “confirm” USACE’s own judgments. The Principles should emphasize that external peer review should be conducted on every water project built by USACE in which performance is critical to the public health, safety and welfare. Other factors supporting this concept include the reliability of performance under emergency conditions; evaluating how innovative materials or techniques are used; examining project design; and, evaluating the distinctive nature of a particular project’s construction schedule.

#### Interagency Impact

The original Principles and Guidelines applied not only to the Corps of Engineers, but also to the Bureau of Reclamation, the Department of Agriculture and the Tennessee Valley Authority. We believe it is important that the new Principles and Guidelines continue to apply to all four of these agencies and that possible consideration be given to their applying to projects developed under the Department of Energy. A holistic approach ensures a consistent set of rules and procedures for the nation’s water resource programs. It would not be unusual, as the country is encouraged to look at water programs on a watershed basis, that several of the Federal agencies might have projects in the given watershed. State and local parties should not have to find themselves in the situation of having a different set of benefits and costs for each of these agencies and departments.

In this instance a “one size fits all” approach can be appropriate. Congress has given plenty of time for interagency coordination and cooperation to occur for the development of this effort. If that proves not to be the case, then an extension of time should be requested. The nation’s taxpayers should not be cheated by the haste to meet a deadline that does not reflect the need to modernize these economic elements for our water resources program.

### Implementation

The Congress made clear in Section 2031 of P.L. 110-114 when the applicability of the new Principles and Guidelines is to take place and that these revisions should not affect the validity of any completed study of a water resource project. Until the revisions of the Principles and Guidelines and the procedures are complete and published per the requirements of the Act, we do not believe the Executive Branch should be using “proposed changes,” particularly those relating to the benefit to cost ratio on any project or study that is currently scheduled for a Record of Decision or similar recommendation by the expected date of enactment as envisioned by Congress. The existing Principles and Guidelines and process should be used out of fairness to the sponsor.

### **Concluding Remarks**

The Water Resources Coalition hopes the revision recognizes the need to be flexible, timely, and open to innovation in the marketplace of water resource planning. The effort should be state-of-the-art with regard to new and innovative thinking.

We appreciate the effort by USACE to reach out to all interested parties in the development of the new Principles and we are willing and committed to working with USACE to provide our expertise to facilitate a successful conclusion to this effort.

Thank you for considering our thoughts on this critical component of the nation’s water development program.

Sincerely,



Brian Pallasch  
Co-Chairman  
American Society of Civil Engineers



Marco Giamberardino  
Co-Chairman  
Associated General Contractors